



NL

ABN 50 127 291 927

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2008



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HALF-YEAR FINANCIAL REPORT

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DIRECTORS' REPORT



Your directors submit the financial report of the company for the half-year ended 31 December 2008.

DIRECTORS

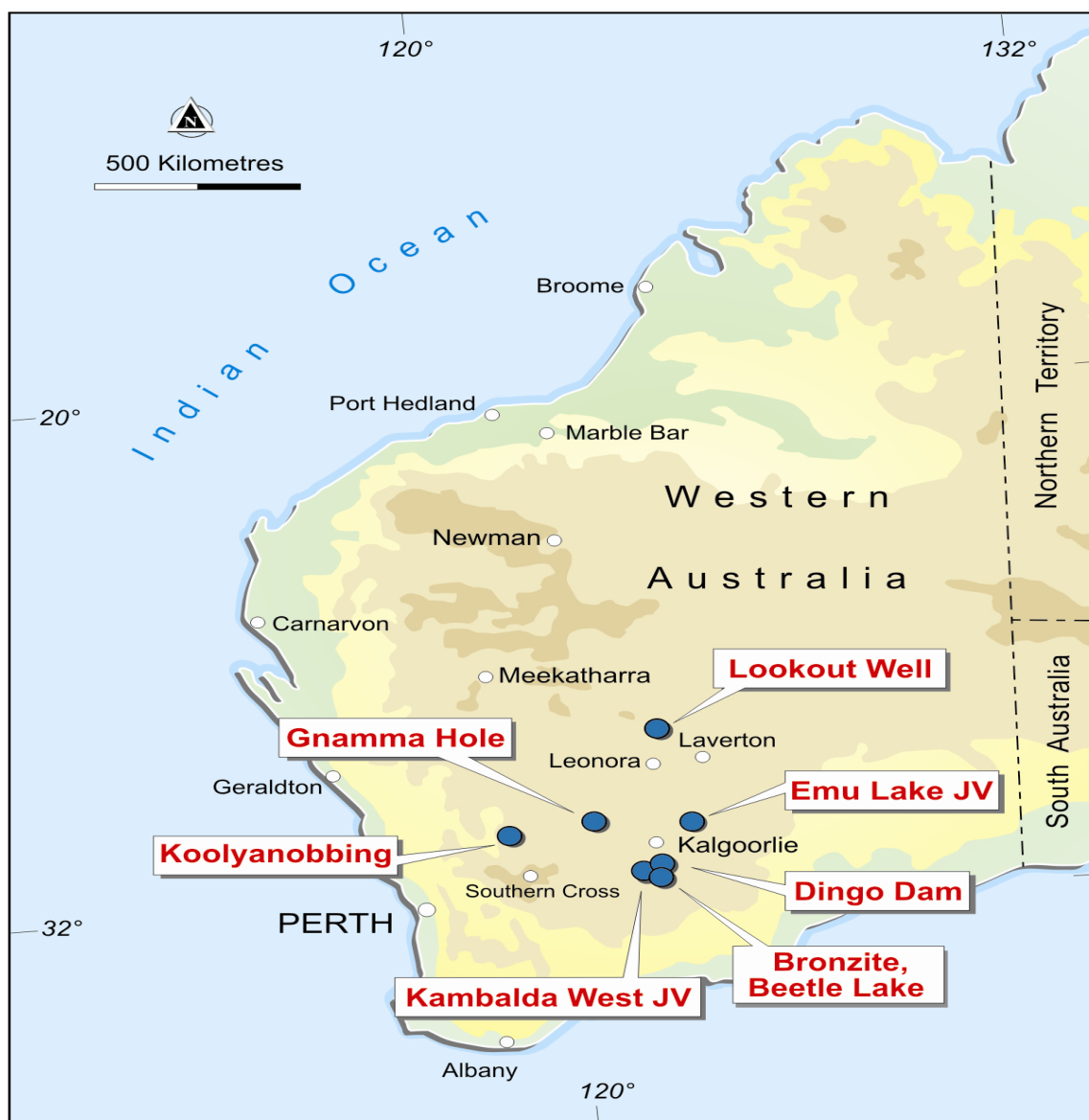
The following persons were directors of Emu Nickel NL ("**Emu Nickel**") during the whole of the half-year and up to the date of this report:

Mr Peter Thomas, Mr Roger Thomson, Mr George Sakalidis

REVIEW OF OPERATIONS

The loss for the half-year ended 31 December 2008 was \$406,097 (for the period since incorporation to 31 December 2007 – Loss - \$20,000).

The company's activities during the six month period are summarised as follows, with project locations shown on this Location Map.



Location Map

EMU LAKE (Emu earning 33⅓ %)

Platinum group element (PGE) assay results from nickel sulphide zones in four diamond drill holes (ELD 30, ELD 31A, ELD 32, and ELD 37) completed earlier in the year at the Binti Gossan Zone were returned during the period. The additional elements comprised palladium, platinum, iridium, osmium, rhodium, ruthenium and gold. The sulphide intervals generally consist of pyrrhotite-pyrite-chalcopyrite stringers within felsic/intermediate volcanics, with the results shown in Table 1.

The high palladium values of up to 3g/t correlate with other high values of PGEs and also with high values of copper and arsenic, suggesting these sulphide zones have been structurally emplaced to some degree.

Table 1
Ni, Cu, As, and PGE Results

Hole No	From m	To m	Interval m	Ni %	Cu ppm	As ppm	Au ppb	Pd ppb	Pt ppb	Ir ppb	Os ppb	Rh ppb	Ru ppb
ELD30	513.00	513.91	0.91	1.18	561	1877	25	582	60	25	44	36	101
ELD31A	430.19	430.51	0.32	1.11	792	3070	107	223	113	91	153	107	320
ELD31A	440.50	440.70	0.20	0.73	2360	11	70	118	33	48	82	57	164
ELD32	558.33	559.03	0.70	1.36	1527	981	12	1546	147	63	115	169	589
ELD37	465.08	467.58	2.50	0.64	1808	736	29	831	4	0	1	2	5
ELD37	476.83	477.00	0.17	3.84	9150	3310	45	3096	31	46	82	28	159

Geochemical surveys and/or infill sampling have identified nickel anomalies at West Lake, Binti West and Area C. All three anomalies appear to coincide with aeromagnetic anomalies suggestive of ultramafic rocks and provide targets for further follow up. In addition several gold anomalies have been identified for follow up on a lower priority basis.

During the period a traverse of moving loop EM was carried out at Area C, about 2km north-west of the Binti Gossan Zone, to test an existing fixed loop EM anomaly. The survey did not confirm the presence of a significant conductor. Analyses of rock samples taken from this area are in progress.

Rock sampling of a sulphidic shale unit associated with a base metal soil anomaly at Wellington, about 3km SSW of the Binti Gossan Zone, returned an anomalous silver value (2.5g/t Ag) with elevated multi-element responses, but low in nickel. The significance of the results has yet to be determined.

KAMBALDA WEST (Emu earning 30%)

As previously reported (ASX release 7 March 2008 and March 2008 quarterly report), airborne EM surveys identified 10 strong VTEM conductors on this package of ten exploration licences west of Kambalda. Eight of the VTEM anomalies are situated within a proposed conservation area, requiring a more rigorous permitting process than normal. An extensive flora survey has been completed and submitted to the Department of Environment and Conservation as part of this process. It is proposed to drill these targets upon receipt of the permit approvals.

A 43-hole, 1098m aircore drilling programme was completed, testing nickel targets comprising one VTEM anomaly and several magnetic anomalies outside the proposed conservation area. The drilling intersected amphibolite, granite and mafic rock types but no ultramafic rocks were encountered. The VTEM anomaly appears to be related to magnetite-rich quartz veining. No significant nickel mineralisation was identified by the drilling but sampling for gold mineralisation is being carried out on the magnetite-rich quartz veining.

KOOLYANOBING (Emu earning up to 100%)

A 930m, 141-hole aircore drilling programme was carried out to test nickel, gold and iron targets identified by geological mapping and geochemical sampling on this southern extension of the Koolyanobing greenstone belt

An airborne VTEM survey was carried out over interpreted ultramafic contact zones to test for conductors that may be associated with nickel sulphides (ASX release 15 January 2009). The VTEM survey identified four significant anomalies within Emu's tenements in two groups, termed the northern and southern conductors.

The northern VTEM conductor is strongly anomalous, has a strike length of 300m under cover and is interpreted to be hosted by a sequence of mafic and ultramafic rocks. The southern VTEM conductor area comprises three distinct anomalies ranging from 150m to 600m in length with two of the anomalies associated with a multi-element geochemical anomaly (AS-Mo-Bi-Sb). A gold-in-soil geochemical anomaly occurs adjacent and sub-parallel to two of the VTEM conductors. Shallow aircore drilling of the gold anomaly earlier in the period returned the best intercept of 2m at 0.4g/t gold from surface. The drilling intersected quartz stringers thought to be associated with a shear zone on a mafic volcanic-metasediment contact. A field inspection of the southern VTEM conductors identified a small occurrence of sulphide bearing bonded iron formation which coincides with one of the conductors. A programme of drilling is being planned, to test the most prospective conductors for both nickel and gold.

DINGO DAM, BEETLE LAKE AND BRONZITE (Emu earning up to 100%)

These tenements cover interpreted ultramafic rocks in a poorly explored region to the west of the Kambalda nickel district. The interpreted ultramafic rocks may represent part of a new nickel district extending south from the Queen Victoria Rocks nickel sulphide occurrence. VTEM surveys were flown over Dingo Dam, Beetle Lake and Bronzite earlier in 2008.

At Dingo Dam the VTEM survey identified two conductors, one of which (Dingo VP1) is coincident with magnetic stratigraphy at the southern end of the tenement. Wide-spaced soil sampling over the tenement identified a low level gold response coincident with the Dingo VP1 anomaly, together with gold and multi-element anomalies at the north end of the tenements.

At Beetle Lake the VTEM survey also identified two conductors, one of which (Beet VP2) coincides with a discrete aeromagnetic anomaly. Wide-spaced geochemical sampling over the aeromagnetic target zones identified a weak gold response coinciding with the Beet VP2 anomaly and a 3km-long gold and multi-element (As, Bi, Mo) responses coinciding with an interpreted greenstone sequence.

At Bronzite the VTEM survey identified a weak conductor (Bron VP1) coinciding with magnetic stratigraphy. Reconnaissance soil sampling over the interpreted greenstone sequences returned a 3km-long low level gold response partly coinciding with the interpreted greenstone sequence.

The information in this report that relates to exploration results is based on information compiled by Roger Thomson BSc, ARSM, MAusIMM, who is a Member of the Australian Institute of Geoscientists. Roger Thomson is a director of Emu Nickel NL. Roger Thomson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Roger Thomson consents to the inclusion of this information in the form and context in which it appears in this report.

DIRECTORS' REPORT



INDEPENDENCE DECLARATION BY AUDITOR

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the half-year ended 31 December 2008.

This report has been signed in accordance with a resolution of directors.

For and on behalf of the Directors

Signed:

G SAKALIDIS

Managing Director
13 March 2009

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF EMU NICKEL NL



Auditor's Independence Declaration to the Directors of Emu Nickel NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Emu Nickel NL.

As audit partner for the review of the financial statements Emu Nickel NL for the period ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.


SOMES and COOKE



K. C. Somes
Partner
1304 Hay Street
West Perth WA 6005

Date: 13 March 2009

**CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**



Notes	Half Year Ended 31 Dec 2008 (\$)	29 Aug 07 to 31 Dec 2007 (\$)
Revenue from ordinary activities:		
Interest income	315,086	-
Depreciation expense	(9,255)	-
Exploration and tenement expenses written off	(469,120)	-
Share based payments	-	(20,000)
Other expenses from ordinary activities	(242,808)	-
(Loss) from ordinary activities before income tax expense	<u>(406,097)</u>	<u>(20,000)</u>
Income tax expense relating to ordinary activities	-	-
(Loss) from ordinary activities after related income tax expense	<u>(406,097)</u>	<u>(20,000)</u>
(Loss) from ordinary activities after related income tax expense attributable to members of Emu Nickel NL	<u>(406,097)</u>	<u>(20,000)</u>
Basic (loss) per share (cents per share)	(0.6788)	N/A
Diluted (loss) per share (cents per share)	<u>(0.6788)</u>	<u>N/A</u>

The accompanying notes form part of these financial statements.

**CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2008**



	Notes	31 Dec 2008 (\$)	30 June 2008 (\$)
Current Assets			
Cash assets		7,976,601	8,343,223
Receivables		41,622	136,097
Prepayments		23,806	41,573
Total Current Assets		<u>8,042,029</u>	<u>8,520,893</u>
Non-Current Assets			
Plant and equipment		78,912	71,951
Other financial assets	2	3,900	10,000
Total Non-Current Assets		<u>82,812</u>	<u>81,951</u>
TOTAL ASSETS		<u>8,124,841</u>	<u>8,602,844</u>
Current Liabilities			
Payables		45,116	117,022
Total Current Liabilities		<u>45,116</u>	<u>117,022</u>
TOTAL LIABILITIES		<u>45,116</u>	<u>117,022</u>
NET ASSETS		<u>8,079,725</u>	<u>8,485,822</u>
Equity			
Contributed equity	3	8,815,929	8,815,929
Reserves		20,000	20,000
Accumulated losses		(756,204)	(350,107)
TOTAL EQUITY		<u>8,079,725</u>	<u>8,485,822</u>

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**



Share Capital	Employee Benefit Reserve	Accum Losses	Total
(\$)	(\$)	(\$)	(\$)

Company incorporated 29.8.2007				
Subscriber shares issued	30			30
Share based payments		20,000		20,000
(Loss) for period			(20,000)	(20,000)
Balance at 31.12.2007	30	20,000	(20,000)	30

Balance at 1.7.2008	8,815,929	20,000	(350,107)	8,485,822
(Loss) for period			(406,097)	(406,097)
Balance at 31.12.2008	8,815,929	20,000	(756,204)	8,079,725

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**



	Half Year Ended 31 Dec 2008 (\$)	29 Aug 2007 To 31 Dec 2007 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
GST refunds received	153,874	-
Payments to suppliers and contractors	(356,401)	-
Interest received	315,086	-
Net cash provided by / (used in) operating activities	<u>112,559</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(16,216)	-
Payments for exploration and evaluation	(458,687)	-
Purchase of investments		
Purchase of new prospects	(4,278)	-
Net cash provided by / (used in) investing activities	<u>(479,181)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of subscriber shares	-	30
Proceeds from IPO share applications – see Note below	-	971,038
Net cash provided by financing activities	<u>-</u>	<u>971,068</u>
Net (decrease) / increase in cash held	(366,622)	971,068
Cash at the beginning of the financial period	8,343,223	-
Cash at the end of the financial period	<u>7,976,601</u>	<u>971,068</u>

Note:

As at 31 December 2007, the Company received applications from potential shareholders to subscribe for shares amounting to \$971,038. Shares relating to this amount were allotted to shareholders at the completion of the IPO capital raising.

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**



NOTE 1 BASIS OF PREPARATION

The half-year condensed financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134 : Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the period ended 30 June 2008 and any public announcements made by Emu Nickel NL during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied and are consistent with those in the June 2008 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

NOTE 2 OTHER FINANCIAL ASSETS	Half Year Ended 31 Dec 2008 (\$)
Available for sale assets	
Balance 1 July 2008	10,000
Purchases – at cost	
Increase/(Decrease) in fair value	<u>(6,100)</u>
Balance 31 December 2008	<u>3,900</u>

NOTE 3 EQUITY

Ordinary Fully Paid Shares

	Number	\$
Balance 1 July 2008	<u>59,828,940</u>	<u>8,815,929</u>
Total Contributed Equity at 31 December 2008	<u>59,828,940</u>	<u>8,815,929</u>

Share Based Payments Reserve

Balance 1 July 2008	<u>20,000</u>
Total Reserves at 31 December 2008	<u>20,000</u>

Unlisted Options to acquire Fully Paid Ordinary Shares

Options exercisable at \$0.50 each on or before 27 February 2013	<u>10,000,000</u>
Total Options at 31 December 2008	<u>10,000,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**



NOTE 4 TENEMENT EXPENDITURE COMMITMENTS

The Company has entered into certain obligations to perform minimum exploration work on tenements held or joint ventured into. These obligations vary from time to time in accordance with contracts signed. Tenement rentals and minimum expenditure obligations which may be varied or deferred on application are expected to be met in the normal course of business.

The minimum statutory expenditure requirement on the granted tenements for the next twelve months amounts to \$820,340. Of this amount, \$505,340 is expected to be met by JV participants as a result of various joint ventures entered into. The tenements are located in Western Australia, and are subject to legislative requirements with respect to the processes for application, grant, conversion and renewal. Tenements are also subject to the payment of annual rent and the meeting of minimum annual expenditure commitments. There is no guarantee that any applications, conversions or renewals for the Company's tenements will be granted.

NOTE 5 SEGMENT INFORMATION

The Company operates one business, that being the exploration for and development of minerals. Geographically, the company's activities are conducted mainly within Western Australia.

NOTE 6 EVENTS SUBSEQUENT TO REPORTING DATE

There have been no matters or circumstances that have arisen since 31 December 2008 which have significantly affected or may significantly affect:

- (a) the Company's operations in future periods; or
- (b) the results of those operations in future periods; or
- (c) the Company's state of affairs in future periods.

NOTE 7 CONTINGENT LIABILITIES

Native Title

The Company's activities in Australia are subject to the Native Title Act and its interpretation.

The Native Title Act legally recognises the title rights of indigenous Australians over areas where those rights have not been lawfully extinguished. State and Commonwealth native title legislation regulates the recognition, application and protection of native title. Native title may affect the status, renewal and conversion of existing tenements and the granting of new tenements. Indigenous land use agreements, including terms of compensation, heritage survey and protection agreements or other agreement types may need to be negotiated with affected parties.

The Native Title Act prescribes procedures applicable to the grant of tenements which apply even in the case of, for instance, a granted exploration licence being "converted" to, say, a mining lease. Compensation may become payable in respect of any impact which the grant of any tenements or other activities have on native title. A tenement holder may be liable for the payment of compensation for the affect of mining and exploration activities on any native title rights and interests that exist in the area covered by a tenement. Compensation may be payable in forms other than money, including the transfer of property and the provision of goods and services.

It is not currently possible to assess whether compensation will be payable by the Company to native title holders in relation to any of the tenements but such compensation could be significant.

There may be sites and objects of significance to indigenous Australians located on the land relating to the Company's tenements. State and Commonwealth Aboriginal heritage legislation aims to preserve and protect these sites and objects from use in a manner inconsistent with Aboriginal tradition. The Company proposes carrying out 'clearance surveys' before conducting any exploration work that would disturb the surface of the land. The Company's tenements may contain some such sites of significance, which would need to be avoided or cause delays. It is possible that areas containing mineralisation or an economic resource may also contain sacred

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**



sites, in which case they may remain unexploited. Access agreements will need to be negotiated with affected parties.

Native title, Aboriginal heritage or other indigenous matters are matters of substantial risk (giving rise to the threat that certain tenements may not be granted, access to certain tenements may be denied or delayed in addition to potentially significant cost exposure in respect of things such as negotiations, surveys, incentive payments and compensation to name but a few) as the legislative frame works provide torturous and frequently uncertain routes to the endeavour by both stakeholders (that is explorers/miners and indigenous peoples) to attain certainty.

It is not possible to quantify the financial or other impact native title and Aboriginal heritage will have upon the Company as, amongst other things, the processes involved with:

- (a) identifying all and only the indigenous peoples with a relevant interest;
- (b) registering an indigenous land use agreement;
- (c) obtaining access to land without infringing the provisions of the Aboriginal Heritage Act;

are open ended, can involve substantial delay and cost and there can be no certainty as to the outcome with it being possible for projects to be entirely frustrated.

This could be the case, for instance, even in circumstances where:

- (a) a native title party consents to the grant of an exploration licence and assists the exploration endeavour thereon (and the discovery of an otherwise economic deposit);
- (b) the Company, in order to exploit that discovery, applies for a mining lease (or other required approval, consent, authority etc.) but such grant, approval, consent or authority is not forthcoming by reason of an objection by the same or another native title party.

Freehold Access

The interests of holders of freehold land encroached by tenements are given special recognition by the Mining Act (WA). As a general proposition, a tenement holder must obtain the consent of the owner of freehold before conducting operations on the freehold land. There can be no assurance that the Company will secure rights to access those portions of the tenements encroaching freehold land, either at all or for all purposes, but, importantly, the grant of freehold extinguished native title so wherever the tenements encroach freehold either at all or for all purposes the Company is in the position of not having to abide by the Native Title Act albeit aboriginal heritage matters will still be of concern.



**Independent review report to the members of
EMU NICKEL NL
Scope**

We have reviewed the accompanying half-year financial report of Emu Nickel NL (the Company), which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

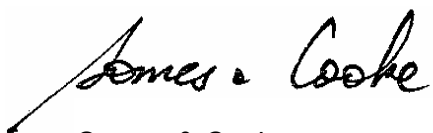
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 16 March 2007, would be in the same terms if provided to the directors as at the date of this auditor's review report.

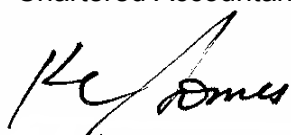
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



Somes & Cooke
Chartered Accountants



Kevin Clarence Somes
Partner
Perth

Date: 13 March 2009